



SINTEZA S.A.
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C.U.I.: R0 67329
Nr. înreg. ORC-Bihor: J.05/197/1991

Cont BTRL: RO86BTRL00501202N98396XX
Banca : Transilvania Oradea
Cont BRD: RO79BRDE050SV07449460500
Banca : BRD Oradea

HALF YEARLY REPORT **According to ASF Regulation No.5 / 2018** **regarding issuers and securities operations**

Date of report: : 30 JUNE 2018
Name of the company: S.C. SINTEZA S.A
Headquarters: 410605 Oradea, Borșului
road No. 35
Phone: 40 259 456 116
Fax: 40 259 462 224
Tax Identification Code:: 67329
Number of registration in the Commercial Register: J/05/197/1991
Subscribed and paid capital: 9.916.888,50 RON

Regulated market where the issued securities are traded: BUCHAREST STOCK EXCHANGE

Economic and financial situation

1.1. Balance sheet items

Curr ent issue	Indicator	Achievements at:	
		30.06.2017	30.06.2018
		RON	RON
1.	FIXED ASSETS	52.411.632	48.843.850
2.	STOCKS	11.214.317	2.655.297
3.	RECEIVABLES	5.916.822	4.430.599
4.	Cash and availability	126.427	131.489
5.	Assets classified as held for sale		4.164.340
6.	Prepaid expenses, of which:	606.873	603.807
	Amounts taken over a period of up to one year	333.976	430.295
	Amounts taken in a period exceeding one year	272.987	173.512
7.	TOTAL ASSETS	70.276.071	60.829.382
8.	Debts to be paid within a period of up to one year	8.862.707	8.483.722
9.	Investment subsidies		
10.	Deferred revenues	17.109	6.227
11.	NET ASSETS	61.123.268	52.339.433

12.	Debts to be paid within a period exceeding one year	3.107.336	6.142.465
13.	Provisions for risks and charges		
14.	EQUITY	58.288.829	46.196.968

1.2. Profit and loss

Current issue	Indicator	Achievements at:	
		30.06.2017	30.06.2018
		RON	RON
1.	Net turnover	12.791.783	13.010.517
2.	TOTAL REVENUE	13.871.432	15.201.441
	Significant expense items		
3.	Expenses for raw materials and consumables	8.276.649	7.426.459
4.	Energy and water expenses	1.490.911	1.601.625
5.	Expenditure on goods	46	
6.	Expenses for employees	1.891.957	2.021.999
7.	Depreciation and provisions	1.109.948	1.161.225
8.	TOTAL EXPENDITURE	15.201.438	16.010.968
9.	GROSS PROFIT	0	0
10.	LOSS	-1.330.006	-809.527

1.3. Cash – flow

Changes in cash in the core business: constant.

Cash at beginning of period: 126.427 RON, of which the restrictions in use: 0 RON .

Cash at period end: 131.489 RON, of which the restrictions in use: 0 RON.

2. Analysis of the company's activity

2.1. Liquidity

Trends: decrease

Highlights: -

The level of liquidity: low

2.2. Capital expenditures

Capital expenditures incurred: Have not acquired shares

Anticipated capital expenditures: it is not the case

The impact on the financial situation: it is not the case

The purpose of expenditure: it is not the case

Financing sources: it is not the case

2.3. Significant events: it is not the case

3. Changes affecting capital and management company:

It is not the case.

4. Significant transactions

It is not the case.

5. Audit: We note that the first half of 2018, financial statements were not subject to an audit report.

**CHAIRMAN OF THE BOARD
RADU VASILESCU**

**FINANCIAL MANAGER
CORINA ILIES**

S.C. Sinteza S.A.

Individual and consolidated financial statements
30 June 2018

Prepared in accordance with
International Financial Reporting Standards (IFRS)
adopted by the European Union

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Individual Financial Statements
30 June 2018

Indicator	RON	RON
	31.12.2017	30.06.2018
Tangible assets		
Land and land improvements	13.971.880	13.510.050
Building	15.495.896	14.398.416
Technical installations and means of transport	14.573.186	14.891.681
Furniture, office equipment	16.610	19.226
Tangible assets under construction	6.595.283	5.372.357
Advances for property and equipment	0	99.657
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangibles	553.146	524.467
Financial assets	0	
Shares in subsidiaries and other long term investments	26.444	27.996
Total Fixed assets	51.232.445	48.843.850
Current assets		
Stocks	3.732.108	2.655.297
Trade receivables and other receivables	4.511.264	4.430.599
Prepaid expenses	343.402	603.807
Cash and cash equivalents	251.264	131.489
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	13.002.378	11.985.532
Total Assets	64.234.823	60.829.382
Equity		
Capital	9.916.889	9.916.889
Share premium	0	0
Reserves	30.622.043	29.734.246
Result for the year	-5.595.140	-809.527
Earnings	11.864.110	7.355.900
Other components of equity	-540	-540
Total Equity	46.807.362	46.196.968
Long term liabilities		
Long term loans and other liabilities	1.037.734	1.779.437
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	4.540.257	4.363.028
Total Long Term Liabilities	5.577.991	6.142.465
Current liabilities		
Short term loans	4.991.902	3.382.782
Trade payables and other liabilities, including derivatives	6.439.567	5.100.940
Advance recorded revenue	281.102	6.227
Provisions	136.899	0
Liabilities classified as held for sale	0	0
Total Current Liabilities	11.849.460	8.489.949
Total Liabilities	17.427.451	14.632.414

Total Equity and Liabilities	64.234.823	60.829.382
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Consolidated statement of financial position
30 June 2018

Indicator	RON	RON
	31.12.2017	30.06.2018
Tangible assets		
Land and land improvements	13.971.880	13.510.050
Building	15.495.896	14.398.416
Technical installations and means of transport	14.702.368	14.965.046
Furniture, office equipment	16.610	19.226
Tangible assets under construction	6.228.499	5.372.357
Advances for property and equipment	0	99.657
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangibles	553.146	524.467
Financial assets	0	0
Shares in subsidiaries and other long term investments	29.238	30.896
Total Fixed assets	50.997.637	48.920.115
Current assets		
Stocks	4.005.010	2.926.180
Trade receivables and other receivables	3.150.254	2.708.650
Prepaid expenses	343.402	603.807
Cash and cash equivalents	252.048	137.043
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	11.915.054	10.540.020
Total Assets	62.912.691	59.460.135
Equity		
Capital	9.916.889	9.916.889
Share premium	0	0
Reserves	32.061.281	31.173.484
Result for the year	-6.015.232	-1.157.044
Earnings	9.514.485	4.953.073
Other components of equity	-540	-540
Minority interest	-2.270	-2.979
Total Equity	45.474.613	44.882.883
Long term liabilities		
Long term loans and other liabilities	1.037.734	1.779.437
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	4.540.257	4.363.028
Total Long Term Liabilities	5.577.991	6.142.465
Current liabilities		
Short term loans	4.991.902	3.382.782
Trade payables and other liabilities, including derivatives	6.441.679	5.045.778
Advance recorded revenue	281.102	6.227
Provisions	145.404	0
Liabilities classified as held for sale	0	0
Total Current Liabilities	11.860.087	8.434.787
Total Liabilities	17.438.078	14.577.252
Total Equity and Liabilities	62.912.691	59.460.135

Individual Statement of Comprehensive Income
30 June 2018

Indicator	RON	
	30.06.2017	30.06.2018
Continue activities		
Revenue	12.791.783	13.010.517
Other incomes	84.293	3.208.611
Stock variations	786.563	-1.129.040
Total operating income	13.662.639	15.090.088
Expenditure on stocks	8.276.695	7.426.459
Expenditure on utilities	1.490.911	1.601.625
Employee benefits expense	1.891.957	2.021.999
Depreciation and amortization of fixed assets	1.109.948	1.161.225
Wins / losses on disposal of property	50.122	1.699.820
Adjustment of current assets		
Provisions		
Other expenses	2.137.396	1.720.839
Total operating expenses	14.957.029	15.631.967
Result of operational activity	-1.294.390	-541.879
Financial income	219.963	111.354
Financial expenses	255.579	357.098
Net Financial Result	-35.616	-245.744
Result before tax	-1.330.006	-787.623
Current income tax expense		
Deferred income tax expense		21.904
Income from deferred taxes		
The result from continuing activities	-1.330.006	-809.527
Total comprehensive income for the period	-1.330.006	-809.527

Consolidated Statement of Comprehensive Income
30 June 2018

Indicator	RON	
	30.06.2017	30.06.2018
Continue activities		
Revenue	12.521.783	12.748.766
Other incomes	84.293	3.217.116
Stock variations	786.563	-1.129.040
Total operating income	13.392.639	14.836.842
Expenditure on stocks	8.357.155	7.436.487
Expenditure on utilities	1.490.911	1.601.625
Employee benefits expense	2.155.052	2.259.457
Depreciation and amortization of fixed assets	1.119.175	1.170.452
Wins / losses on disposal of property	50.122	1.699.820
Adjustment of current assets		86.559
Provisions		
Other expenses	1.726.288	1.472.547
Total operating expenses	14.898.703	15.726.947
Result of operational activity	-1.506.064	-890.105
Financial income	219.963	111.354
Financial expenses	255.579	357.098
Net Financial Result	-35.616	-245.744
Result before tax	-1.541.680	-1.135.849
Current income tax expense		
Deferred income tax expense		21.904
Income from deferred taxes		
The result from continuing activities	-1.541.680	-1.157.753
Minority interest		709
Total comprehensive income for the period	-1.541.680	-1.157.044

Statement of changes in equity - individual
30 June 2018

Amending equity sources	Capital	Share premium	Equity instruments issued	Other equity	The cumulative value of other comprehensive income	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to equity holders of parent company	(-) Dividends Interim	Minority interest		Total
												The cumulative value of other compreh. income	Other elements	
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening Balance (before restatement)														
The effect of corrections of errors														
The effect of changes in accounting policies														
Opening Balance (current period)	9916889				-5595140	11864109	26518210	4103834	540					46807362
Ordinary bond issue														
Preferred shares issued														
Other capital instruments issued														
Exercise or expiration of other capital instruments issued														
Conversion of debt into equity														
Capital reduction														
Dividends														
Purchase of own shares														
The sale or cancellation of own shares														
The reclassification of financial instruments from equity into debt														
Transfers between components of equity					5595140	-5595140	1368013							1368013
Increases or (-) decreases in equity resulting from business combinations														
Payments in shares														
Other increases or (-) decreases in equity						1086931	2255811							-1168880
Total comprehensive income for the year					-809527									-809527
Balance at closing (current period)	9916889				-809527	7355900	25630412	4103834	540					46196968

Statement of changes in equity - consolidated
30 June 2018

Surse de modificare a capitalurilor proprii	Capital social	Prime de capital	Instrum. De capital emise	Alte capitaluri proprii	Valoarea cumul. a alor elemente ale rezult. global	Rezultatul reportat	Rezerve de reeval.	Alte rezerve	(-) Actiuni proprii	Profit sau pierdere(-) atribuibil detinat. De capitaluri proprii ale soc. mama	(-) Dividende interimare	Interese minoritare		Total
												Valoarea Cumul. a altor elem. ale rez. global	Alte elemente	
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening Balance (before restatement)														
The effect of corrections of errors														
The effect of changes in accounting policies														
Opening Balance (current period)	9916889				-6015232	9514485	26554145	5507136	540			2270		45474613
Ordinary bond issue														
Preferred shares issued														
Other capital instruments issued														
Exercise or expiration of other capital instruments issued														
Conversion of debt into equity														
Capital reduction														
Dividends														-4499622
Purchase of own shares														
The sale or cancellation of own shares														
The reclassification of financial instruments from equity into debt														
Transfers between components of equity					5648467	-5648467	1368013							1368013
Increases or (-) decreases in equity resulting from business combinations														
Payments in shares														
Other increases or (-) decreases in equity					366766	1087055	-2255811							-801990
Total comprehensive income for the year					-1157044							709		-1157753
Balance at closing (current period)	9916889				-1157043	4953073	25666347	5507136	540			2979		44882883

Individual Statement of Cash Flows

30 June 2018

	30.06.2017	30.06.2018
Cash flows from operating activities		
Receivables from clients	12.960.660	12.887.917
Other receipts (including VAT)	545.951	342.919
Payments to suppliers	14.060.719	11.894.291
Payments to employees	1.049.483	1.092.597
Payments to budget	3.628.051	262.829
Other payments	633.907	1.570.714
Net cash from operating activities	-5.865.549	-1.589.595
Cash flows from investing activities		
Payments for the acquisition of fixed assets	0	324.619
Proceeds from sale of tangible assets	4.346.010	2.792.814
Interest received	0	0
Net cash from investing activities	4.346.010	2.468.195
Net cash from financing activities		
Proceeds from borrowings	8.253.217	7.031.626
Interest paid and refund loans	5.898.748	8.029.887
Dividends paid	3.810.000	
Net cash from financing activities	-1.455.531	-998.261
Increase / (Decrease) net cash	-2.975.070	-119.661
Cash and cash equivalents at beginning of period	3.101.497	251.150
Cash and cash equivalents at end of period	126.427	131.489

Consolidated Statement of Cash Flows
30 June 2018

	30.06.2017	30.06.2018
Cash flows from operating activities		
Receivables from clients	13.586.165	13.049.101
Other receipts (including VAT)	545.951	342.919
Payments to suppliers	14.411.680	11.911.191
Payments to employees	1.189.833	1.224.546
Payments to budget	3.749.788	264.084
Other payments	650.957	1.577.024
Net cash from operating activities	-5.870.142	-1.584.825
Cash flows from investing activities		
Payments for the acquisition of fixed assets	0	324.619
Proceeds from sale of tangible assets	4.346.010	2.792.814
Interest received	0	0
Net cash from investing activities	4.346.010	2.468.195
Net cash from financing activities		
Proceeds from borrowings	8.253.217	7.031.626
Interest paid and refund loans	5.898.748	8.029.887
Dividends paid	3.810.000	
Net cash from financing activities	-1.455.531	-998.261
Increase / (Decrease) net cash	-2.979.663	-114.891
Cash and cash equivalents at beginning of period	3.108.976	251.934
Cash and cash equivalents at end of period	129.313	137.043

Notes to the financial statements

1. Reporting entity

The parent company SC Sinteza S.A. it is headquartered in Oradea, Borsului road, No.35, no. of Commercial Register J / 05/197/1991. It is a joint stock company and operates in Romania in accordance with Law No.31 / 1990 on commercial companies.

The activity of the Company is the production and marketing of basic organic chemical products - CAEN code 2014.

The Company's shares are listed on the Bucharest Stock Exchange, category II, with STZ sign company.

On 30.06.2018, the parent company is owned by the following shareholders:

Current issue	Name	Percentage owned
1	BT Asset Management S.A.I. S.A., by F.I.I. BT Invest 1	51,8898
2	Tincau Tibor	28,1346
3	Other shareholders	19,9756
	Total	100,0000

Situation shares and shareholders is kept by SC Depozitarul Central SA Bucharest.

Entity to consolidation

For the first half of 2018 was included in the consolidation of the commercial company SC CHIMPROD SA, with the following identification data:

Company Name: SC CHIMPROD S.A.
Headquarters: Oradea, No.35 sos.Borsului
Phone number / fax: 0259 456 110
Tax registration code: (RO) 67345
Commercial Register: J / 05/1984/1992
Share capital: 90.000 Lei

Company's shares CHIMPROD S.A., they are not traded on the regulated market of securities.

The company is managed by a mandate by SC Sinteza SA, having as permanent representative Mr. Pasula Claudiu Sorin.
Stake of SC Sinteza S.A. is 99.765% and the stake of non-controlling interest is 0.235%.

Issuing date of publication of financial statements

Financial communication calendar is approved by the Company's executive management in accordance with statutory provisions and communicated to the public through the company's website.

2. Basis of preparation

Statement of Compliance

The individual financial statements and consolidated the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Starting with financial year 2012, the Company and the Group are required to apply International Financial Reporting Standards (IFRS), since the parent company shares are listed on the Bucharest Stock Exchange.

Basis of consolidation

The consolidated financial statements contain the financial statements of the parent company SC Sinteza S.A. and the company in the consolidation (subsidiary) SC CHIMPROD S.A. as an entity controlled by the parent company.

Presentation of Financial Statements

Individual and consolidated financial statements are presented according to the requirements in IAS 1 "Presentation of Financial Statements", based on the statement of financial position liquidity and based on the nature of income and expenses in the statement of comprehensive income.

Functional currency of presentation

The functional currency is the RON chosen. The individual financial statements are presented in RON.

Basis of measurement

The individual financial statements and consolidated statements have been prepared on a historical cost basis, except for fixed assets which are measured at fair value.

The accounting policies have been applied consistently for the periods presented in these financial statements.

It was going concern.

Use of estimates and judgments

Preparation and presentation of individual and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts. The estimates, judgments and assumptions are based on historical experience.

The results of these estimates form the basis for judgments about the carrying amounts may not be obtained from other sources.

When some financial statement items can not be measured with precision, they estimated.

Estimates shall be based on the latest information at their disposal credible. The change in circumstances which the estimate was based or as a result of new information or a best experiences can lead to a modification of the initial estimate.

Any change in accounting estimates will be recognized prospectively by including it in the result:

- period in which the change occurs if it affects only that period; or
- period in which the change occurs and future periods if the change has an effect on them.

The Group uses estimates to determine:

- bad debts and doubtful debts related adjustments;
- amount of provisions for risks and charges constituted a financial year for litigation, property, plant decommissioning, restructuring, pension and similar obligations for taxes.
- lifetime of depreciable assets for which the revaluation, the fair value is determined and a new term economic use.

Judgments and assumptions are reviewed periodically by the Company and are recognized in the period in which the estimates are revised.

3. Significant accounting policies

Parent and subsidiary organize and lead the financial accounting according to the Accounting Law no. 82/1991, with subsequent amendments and IFRS Financial accounting provides a chronological and systematic recording, processing, publish and maintain information about the financial position, financial performance and other information related to the activity.

The accounting policies have been developed so as to ensure the provision by the financial statements of certain information must be understandable, relevant to the needs of users in decision making, credible in the sense of faithfully represent assets, liabilities, financial position and profit or loss does not contain significant errors, not be biased, to be prudent, complete in all material respects, comparable so that users can compare the financial statements of the company over time, to identify trends in its financial position and performance and be able to compare financial statements with those of other companies to assess the financial position and performance.

The accounting policies have been consistently applied to all periods presented in these financial statements.

The individual financial statements are prepared on the assumption that the Company will continue in the foreseeable future.

Foreign currency transactions

Operations in foreign currency are recorded in RON at the exchange rate on the date of the transaction.

At the end of each month, the liabilities in foreign currency are valued at the exchange rate of the currency market, announced by the National Bank of Romania in the last working day of the month in question. Exchange differences are recognized in the accounts recorded in income or expense from exchange differences as appropriate.

Exchange differences arising during the settlement of foreign currency debt at rates different from those at which they were originally recorded during the month or to those who are accounted to be recognized in the month in which they appear, as income or expense in exchange differences.

Differences arising at value expressed in RON debt settlement, according to an exchange rate different from that to which they were originally recorded during the month or to those who are accounted to be recognized in the month in which they appear to other financial income and expenses.

Accounting for the effects of hyperinflation

In accordance with IAS 29 "Financial reporting in hyperinflationary economies" in the financial statements of an entity that was used as functional currency, the currency of a hyperinflationary economy, monetary items must be restated use a general index of price growth.

Both the parent company and subsidiary did not do the adjustment of non-monetary items as they have been regularly evaluated and values are included in equity to the data. Since 2004 Romania's economy no longer meets the conditions of a hyperinflationary environment.

Financial instruments

Parent and subsidiary held as non-derivative financial assets: trade receivables, cash and cash equivalents.

Receivables include:

- trade receivables, which are amounts owed by customers for goods sold or services provided in the normal course of business;
- effects receivable, market acceptance, third party tools;
- amounts owed by directors, shareholders, employees or affiliates.

The claims outlined in accrual basis, according to legal or contractual provisions.

The effects can be expected receivable before maturity.

Exchange differences arising during the settlement of foreign currency receivables at rates different from those at which they were originally recorded during the month or to those who are accounted to be recognized in the month in which they appear, as income or expense in exchange differences.

Differences in value during the settlement of claims occurring in RON, according to an exchange rate different from that to which they were originally recorded during the month or to those who are accounted to be recognized in the month in which they appear to Other financial income and expenses.

Bank accounts include:

- amounts receivable (checks and notes deposited in banks)
- reserves in RON and foreign currency
- the checks issued by the company
- short-term bank loans
- Interest on cash and bank loans in current accounts.

Interest payable and receivable, financial year in progress, are recorded in financial income or financial expenses, as appropriate.

Transactions of sale of foreign currency, including those developed within the settlement term contracts, are recorded in the accounting rate used by commercial banks at the currency auction is carried out without these accounts to generate foreign exchange differences.

Availability and foreign currency loans are evaluated monthly at the rate of the National Bank of Romania for the last working day of the month.

Liquidation of foreign currency deposits is performed at the exchange rate of the National Bank of Romania from the date of the liquidation.

Exchange differences between the exchange rate at the date of incorporation or which are accounted for and the National Bank of Romania from the date of liquidation of bank deposits are recorded in income or expense from exchange differences as appropriate.

Tangible assets

Tangible assets are assets that:

- are held by a company for use in the production of goods or services, for rental to others or for administrative purposes; and
- are used over a period longer than one year.

Tangible assets include:

- land and buildings;
- plant and machinery;
- equipment and furniture;
- advances to suppliers of property;
- tangible in progress.

Tangible assets are valued at their entry into heritage, the cost of acquisition or production cost respectively.

Trade discounts from suppliers and included in the purchase invoice adjusted downwards the cost of acquisition of property.

Production cost includes direct costs related to the production assets such as direct materials, energy consumption for technological purposes, the costs of salaries, contributions and other legal related expenses, arising directly from the construction of property and equipment, costs of site preparation costs initial delivery and handling, installation and assembly costs, testing costs for the proper functioning of the asset, professional fees and fees paid in connection with the asset, the cost of designing products and obtaining permits;

Subsequent expenditure on a tangible asset is recognized:

- as an expense in the period in which they were incurred if they are considered repairs or purpose of these expenditures is to ensure continued use of the asset while maintaining the original technical parameters; or
- as a component of the asset, as subsequent expenses (depreciation) if the conditions to be considered investments on fixed assets.

Tangible assets shown in the balance sheet at their fair value.

Tangible assets are revalued at an interval of 2 years, the last valuation being made on 12/31/2016.

In years not performed revaluation, tangible assets are presented in the financial statements the value set last revaluation less accumulated depreciation and accumulated adjustments for impairment loss.

Depreciation of tangible assets is calculated starting with next month commissioning and until full recovery of their input.

The Group calculates and records, accounting, depreciation of tangible leased, rented or leased by management.

Land is not depreciated.

Economic lifetime is the period in which an asset is expected to be available for use.

The useful lives of the company established for the main categories of property, its heritage, are common in the chemical industry.

Depreciation is recorded in the accounts as still life and depreciation method initially set. The depreciation of tangible assets, the Company uses the linear depreciation by the inclusion in operating expenses of uniform fixed amounts determined in proportion to the number of years of the life of their economic use for the following categories of assets: buildings and special constructions, technical installations, technological equipment, measuring equipment, control, regulation, transportation, office.

Lifetime originally set to be reviewed (or growth downward) whenever changes occur initially estimated usage conditions, there is an aging of a tangible asset, when there is a shelf-life or technique that reveals a state enable a longer life than originally estimated.

Following the revaluation life initially established, the amortization will be recalculated for the remaining period of use.

Tangible assets held under finance leases are recorded in the accounts according to the provisions of leases entered.

The classification of leases to finance leases or operating leases are carried at the beginning of the contract.

Intangible assets

Within intangible assets include:

- registration expenses;
- development costs;
- concessions, patents, licenses, trademarks, rights and similar assets, except those created by company;
- goodwill;
- other intangible assets;
- advance payments for intangible assets;
- intangible assets in progress.

An intangible asset must be recognized if and only if:

- It is estimated that future economic benefits attributable to the asset will be obtained by the company; and
- cost of the asset can be measured accurately.

An intangible asset is initially recorded at cost or production depending on the mode of entry into heritage.

Development costs are recognized at their cost of production.

The production cost of property from development phase includes Direct costs related to production such as direct materials, energy consumption for technological purposes, the costs of salaries, statutory contributions testing costs for the proper functioning of the asset, professional fees and fees paid in connection with the asset, the cost for the necessary authority.

Development costs are recognized as intangible assets development costs are amortized over the contract period or duration of use, where appropriate.

Amortization of intangible assets is allocated on a systematic basis over the best estimate of its useful life.

The method of amortization of intangible assets is a straight line.

Items of stocks

Entry recording of stocks is performed after the transfer of risks and rewards. Upon entry into company, stocks are evaluated and accounted at cost, which is determined as follows:

- the cost of acquisition - purchased stocks;
- the production cost of default - for stocks produced in the company;
- the input value, following the evaluation - for stocks representing company capital;
- at fair value - for stocks obtained free of charge or found pluses to inventory.

Trade discounts granted by suppliers on the invoice and purchase reduces the acquisition cost of goods.

In determining the cost of production using the default cost method standard, taking into account normal levels of materials and supplies, labor, efficiency and production capacity.

The levels considered normal consumption of material shall be reviewed within 12 months.

At the exit from inventory and stocks are assessed by applying the FIFO method, the nature of inventory items that were purchased or produced first are those that are consumed or sold first. Items remaining in inventory at the end of the period are those that were most recently purchased or produced. In the balance sheet stocks are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs to sell.

When the company decides to change the use of a property, meaning that it will be sold, when taking decisions on changing the purpose, the accounting records transfer of property and equipment assets in the stocks determined to sale.

Revenue

Revenue represents increases in economic benefits, incurred during the year, which generated an increase in equity in forms other than those expressing consideration enterprise's new owners.

Revenue category includes both amounts received or receivable in its own name and gains from any source.

Revenues are classified as follows:

- Operating revenue;
- Financial revenue;
- Extraordinary revenue.

Revenues are recognized on an accrual basis.

Revenues from sales of goods are recorded upon delivery of goods to buyers of their delivery based on the invoice or other conditions specified in the contract evidencing the transfer of ownership of those goods to customers.

Revenues from sale of goods is recognized when the following conditions are met:

- a) have been transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) the company no longer manages the goods sold at levels that would have done normally, in case of holding their own and no longer have effective control over them;
- c) revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the company; and
- e) transaction costs can be measured reliably.

Revenue from rendering of services are recorded in the accounts are made correlated with the stage of completion of the work.

The stage of completion of the work is determined on the basis of the bills accompanying papers, minutes of acceptance or other documents evidencing the state of development and acceptance of services rendered.

Interest income is recognized periodically, proportionally, as the respective .income generation.

Revenues from royalties and rents are recognized as the maturity of the contract.

Dividend income is recognized when the shareholder's right to set their charge.

Income from reduction or cancellation provisions or adjustments for depreciation or impairment is recorded where no longer justify their maintenance, risk or expense occurs achievement becomes chargeable.

It is measured at the value determined by agreement between the seller and buyer, taking into account the amount of any trade discounts granted. Income received before the balance sheet date which are later financial year, the revenue is presented in advance.

Expenditure

The expenses of the parent company and the subsidiary represents the amounts paid or payable to:

- stocks and energy consumption;
- works and services provided by benefiting company;
- expenses for employees;
- execution of legal or contractual obligations;
- provisions;
- depreciation;
- adjustments for depreciation or impairment.

Keep on spending accounting of expenses, as follows:

- operating expenses;
- financial expenses, which include interest expenses and exchange differences
- extraordinary expenses, include only losses in disasters and exceptional occurrences.

Synthetic spending accounts covering multiple items with different tax deductibility regime develops analytical, analytical so that each reflect specific content.

Liability

Liability are evidenced in the accounts on behalf of third-party accounts. Accounting suppliers and other liabilities take into categories and each person or entity in hand.

Liabilities to employees are accounted retaining social security contributions and payroll taxes

Income taxes must be recognized as a debt payment to the extent unpaid.

Deferred income tax is the amount of income taxes paid in future period. It is calculated based on the tax rates that are expected to be applicable to temporary differences at their resumption, under the legislation in force at the reporting date.

Deferred tax assets are the amounts of income taxes recoverable in future periods.

Representing deferred tax assets and liabilities are compensated only if there is a legally enforceable right to offset current tax liabilities and receivables.

Foreign currency debt is accounted for in the RON, valued at the exchange rate of the National Bank of Romania for the day that they are registered.

Exchange differences arising during the settlement of foreign currency debt at rates different from those at which they were originally recorded during the month or to those who are accounted to be recognized in the month in which they appear, as income or expense in exchange differences.

Valuation of liabilities in the financial statements at their value is likely to pay. Foreign currency debt valuation and those with settlement in RON depending on the course of currencies is made at the exchange rate of the National Bank of Romania, valid on the date of each financial year.

Provisions

A provision will be recognized at the moment:

- company has a present obligation generated by a previous event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- can be made a reliable estimate of the amount of the obligation.

Provisions are not recognized for future operating losses.

Provisions are reviewed at individual financial statement and adjusted to reflect the current best estimate.

Where to settle an obligation is no longer probable that an outflow of resources, provision is invalidated by resuming revenue.

Commercial and financial discounts

Trade discounts from suppliers and included in the purchase invoice adjusted downwards acquisition cost of goods.

Trade discounts to customers in order to reduce the amount of income adjusted for the transaction.

Contingent assets and liabilities

Contingent assets and liabilities is presented in the notes where inflows are likely to arise economic benefits.

They are assessed annually to determine if it became probable that an outflow of resources embodying economic benefits and requires recognition of a liability or a provision in the financial statements in the period of this change enrollment event.

Events after the preparation of financial statements

Events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date the financial statements are authorized for publication. They are presented in the notes when they are considered significant.

Standards and new interpretations

New interpretations have been issued, amendments or standards that have not entered into force for the first half of 2018 or that were not adopted.

They have not been applied in preparing the half-yearly financial to 06/30/2018.

The Company does not expect these new standards or interpretations amendments significantly affect its financial statements on the individual.

4. Determination of fair values

The Company assessed the fair value property items at the date of transition to IFRS and previous period financial statements presented at fair value. The market price of property items does not require significant adjustments to the current period's financial statements.

5. Tangible assets

Individual situation at its parent company shows:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Assessed value</i>						
Balance at January 1, 2018	13.971.880	17.878.518	22.173.366	6.595.283	0	60.619.047
Increases	0	329.216	1.213.074	258.285	99.657	1.900.232
Decreases	461.830	1.329.687	25.496	1.481.211		3.298.224
Balance at June 30, 2018	13.510.050	16.878.047	23.360.944	5.372.357	99.657	59.221.055
<i>Amortization and impairment</i>						
Balance at January 1, 2018	0	2.382.622	7.583.570	0	0	9.966.192
Increases	0	238.828	891.963	0	0	1.130.791
Decreases	0	141.819	25.496		0	167.315
Balance at June 30, 2018	0	2.479.631	8.450.037	0	0	10.929.668

At group level, the situation is:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Assessed value</i>						
Balance at January 1, 2018	13.971.880	17.878.518	22.394.822	6.228.500		60.473.720
Increases	0	329.216	1.213.074	258.285	99.657	1.900.232
Decreases	461.830	1.329.687	72.086	1.114.428		2.978.031
Balance at June 30, 2018	13.510.050	16.878.047	23.535.810	5.372.357	99.657	59.395.921
<i>Amortization and impairment</i>						
Balance at January 1, 2018	0	2.382.622	7.675.845			10.058.467
Increases	0	238.828	901.189	0		1.140.017
Decreases	0	141.819	25.496	0		167.315
Balance at June 30, 2018	0	2.479.631	8.551.538	0	0	11.031.169

Tangible assets include assets engaging in production. Some of these assets are mortgaged or pledged to guarantee loans taken from banks.

Tangible assets represent investments are being finalized in order to increase production capacity and improve manufacturing processes.

The depreciation method used by the company for all classes of depreciable assets is the linear method.

The formula used to calculate the annual depreciation (Aa) and the rate of depreciation (Ra) is:

$$Aa = Ra \times Va$$

$$Ra = \frac{100}{DUN}$$

Where: Ra = annual amortization rate

Va = depreciable amount

DUN = normal period of use or useful life.

The useful lives of fixed assets commissioning functune were employed within the limits stipulated by the internal regulations regarding the classification of fixed assets and were not modified during 2018.

6. Intangible assets

The parent company heritage are highlighted in this group of assets, the value of paid licenses regulatory authorities of European manufacture and sale of chemical products.

Also during 2014 the company purchased software licenses and accounting, as reflected in the value of intangible assets accounts.

7. Financial assets

The parent company holds 99.765% stake besides the subsidiary SC CHIMPROD S.A. Oradea and other holdings:

1. A total of 337.454 shares to SSIF BRK FINANCIAL GROUP SA located in Cluj Napoca, representing 0.0999% of the share capital.
2. A total of 1,000 shares with nominal value of 1 RON, the Federation of Employers of Chemical Petrochemical Bucharest.

8. Stocks

Individual situation at its parent company shows:

	31.12.2017	30.06.2018
Raw materials	764.133	814.440
Finished products	2.060.900	959.357
Products in progress	834.552	806.627
Goods	23.051	23.048
Packing	49.471	51.825
Total	3.732.107	2.655.297

At group level, the situation is:

	31.12.2017	30.06.2018
Raw materials	1.036.397	1.084.686
Finished products	2.060.900	959.357
Products in progress	834.552	806.627
Goods	23.051	23.048
Packing	50.110	52.462
Total	4.005.010	2.926.180

9. Trade receivables

Individual situation at its parent company shows:

	31.12.2017	30.06.2018
Customers	3.278.318	3.317.751
Doubtful and disputed	0	236.776
Suppliers borrowers	12.376	24.521
Customer bill drafted	0	0
Advance payments	0	0
Impairment of receivables	-236.776	-236.776
Total	3.053.918	3.342.272

At group level, the situation is:

	31.12.2017	30.06.2018
Customers	2.055.645	1.593.326
Doubtful and disputed	63.889	321.599
Suppliers borrowers	12.376	24.521
Customer bill drafted	0	0
Advance payments	0	0
Impairment of receivables	-236.776	-321.599
Total	1.895.134	1.617.847

In 2018 Company's commercial relations continued to be formalized by commercial contracts, customers being the traditional. Over 90% of manufactured goods have been delivered directly to export to beneficiaries from member countries of European Union or Non. There is a definite dependence of the EU market.

10. Cash and cash equivalents

Individual situation at its parent company shows:

	31.12.2017	30.06.2018
Current accounts of banks	245.534	124.810
Cash in the cashier	5.616	6.656
Other values	114	23
Total	251.264	131.489

At group level, the situation is:

	31.12.2017	30.06.2018
Current accounts of banks	246.232	129.917
Cash in the cashier	5.702	7.103
Other values	114	23
Total	252.048	0 137.043

11. Other receivables

Individual situation at its parent company shows:

	31.12.2017	30.06.2018
Suspense account pending clarification operations	486.624	2.132
Other claims related to employees	0	0
Other claims about the state budget (VAT recoverable)	733.946	849.419
Income tax (current receivables and deferred debt)		
Total	1.220.570	851.551

At group level, the situation is:

	31.12.2017	30.06.2018
Suspense account pending clarification operations	486.624	2.132
Other claims related to employees	0	0
Other claims about the state budget (VAT recoverable)	733.946	851.894
Income tax (current receivables and deferred debt)		
Total	1.220.570	854.026

12. Assets classified as held for sale

In this category were recorded during the previous years, fixed assets and parts from dismantled facilities that can be capitalized as individual assets, with a total value in the balance at 30.06.2018 of 4.164.340 RON.

13. Share capital and share premium

Mother shareholder structure is as follows:

	31.12.2017	30.06.2018
BT Asset Management S.A.I. S.A. by F.I.I. BT. Invest 1	51,8898 %	51,8898 %
Tincau Tibor	28,1346 %	28,1346 %
Others shareholders	19,9756 %	19,9756 %
Total	100 %	100 %

The subsidiary's shareholding structure is as follows:

	31.12.2017	30.06.2018
SC Sinteza SA	99,765 %	99,765 %
Other shareholders	0,235 %	0,235 %
Total	100 %	100 %

According to legal requirements, to the parent company and the entity entered the consolidation constitute legal reserves in the proportion of 5% of profits recorded up to the amount representing 20% of the share capital.

The reserves constituted by the parent company on 30.06.2018 amounting to 34.133.859 RON were made up of:

- Revaluation reserves in the amount of 30.030.025 RON;
- Legal reserves in the amount of 1.213.255 RON;
- Other reserves in the amount of 2.890.579 RON

Company continued to manage capital in 2018 considering all its components as defined by the Romanian legislation. There were no quantitative data exclusion situations or consideration as part of equity in balance sheet items other than those covered in the law.

14. Trade payables

Individual situation at its parent company shows:

	31.12.2017	30.06.2018
Commercial suppliers	4.712.526	3.563.961
Suppliers investment	590.836	144.305
Suppliers - Contributors	11.211	19.500
Debts to credit institutions	6.029.637	5.162.219
Debts to the state budget	170.676	382.120
Payables to employees	121.701	122.594
Current income tax	0	
Other liabilities	832.616	662.254

Total	12.469.203	10.056.953
At group level, the situation is:		
	31.12.2017	30.06.2018
Commercial suppliers	4.627.309	3.471.752
Suppliers investment	590.836	144.305
Suppliers - Contributors	11.211	19.500
Debts to credit institutions	6.029.637	5.162.219
Debts to the state budget	220.897	382.120
Payables to employees	133.763	133.553
Current income tax	0	
Other liabilities	832.616	688.342
Total	12.446.269	10.001.791

15. Loans

Regarding loans, continued the policy of appealing to funds raised in order to complete the extension and modernization of production capacities.

Bank loans used in 2018 are set only in the parent company SC Sinteza S.A. and are the following:

1. Credit investments, for expansion and modernization of benzoic acid manufacturing facility, guaranteed by mortgages on land and buildings located in Oradea, st. Borsului No.35, with pledge over the credit balances of accounts opened at the bank financing company and assignment of the insurance of the goods as collateral.
2. Line of credit, for supporting the current activity, guaranteed by mortgages on land and buildings located in Oradea, st. Borsului No.35, with pledge over the credit balances of accounts opened at the bank financing company and assignment of the insurance on the goods as collateral.
3. Medium-term loan for working capital, guaranteed by the mortgage on land and buildings located in Oradea, Suc.Clujului no.159, as well as with a real security guarantee on the credit balances of the company's accounts opened at the financing bank and with the assignment of the policy Assurance on goods brought under the warranty.

Besides loans contracted, the company has for the current activity, a letter of guarantee in favor of basic raw material supplier.

16. Impairment of receivables - customers

At the first half of 2018, the company did not make adjustments for impairment of receivables .

17. Income in advance

In 2018 the company reflected in the statement of income amounts received in advance from customers in future deliveries account.

18. Turnover

The turnover in the first half of 2018 is as follows:

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
Revenue from the sale of production	11.861.932	12.203.971
Revenue from sale of goods	0	
Income from rents	761.314	626.832
Revenue from rendering of services	148.221	179.608
Other revenues (invoicing, waste products)	20.316	106
Total	12.791.783	13.010.517

At group level, the situation is:

	30.06.2017	30.06.2018
Revenue from the sale of production	11.861.932	12.203.971
Revenue from sale of goods	0	0
Income from rents	491.314	356.832
Revenue from rendering of services	148.221	187.857
Other revenues (invoicing, waste products)	20.316	106
Total	12.521.783	12.748.766

A reportable segment is a component of an entity that engages in business activities from which it can get revenues from which can incur expenditure, the results of which are reviewed regularly and for which separate financial information is available.

The company has not organized a separate component that engages in business activities, items of income derived from activities other than the industrial production having a step.

Share main activity is the industrial production activity, whose result is regularly reviewed by the chief operating decision maker.

19. Raw material costs and consumables

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
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Raw material	7.876.180	7.054.398
Auxiliary materials	106.326	73.911
Fuels	26.795	67.314
Spare parts	20.655	8.157
Labour protection and other materials	11.590	12.170
Total	8.041.546	7.215.950

At group level, the situation is:

	30.06.2017	30.06.2018
Raw material	7.876.180	7.054.398
Auxiliary materials	115.873	81.792
Fuels	26.837	67.314
Spare parts	21.356	8.157
Labour protection and other materials	13.563	13.955
Total	8.053.809	7.225.616

20. Other material expenses

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
Packing	223.153	196.434
Materials inventory objects	10.054	9.750
Other unclassified materials	1.897	4.325
Total	235.104	210.509

At group level, the situation is:

	30.06.2017	30.06.2018
Packing	223.153	196.434
Materials inventory objects	77.694	9.750
Other unclassified materials	2.454	4.687
Total	303.301	210.871

21. Expenses for employees

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
Labour costs	1.526.841	1.961.467
Expenditure on social security and social protection	365.116	60.532
Total	1.891.957	2.021.999

At group level, the situation is:

	30.06.2017	30.06.2018
Labour costs	1.742.049	2.192.383
Expenditure on social security and social protection	413.003	67.074
Total	2.155.052	2.259.457

Company employees are paid by salary negotiated in accordance with the provisions of individual work contracts with the full range of social benefits provided by Romanian legislation. At the company level, there is not a collective agreement and therefore not awarded additional benefits in the short term, long term or post-employment benefits, share-based payment. Company key management employees enjoy the same rights as the rest of the employees' salary without existing rights and additional benefits.

22. Expenses external supply

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
Other expenses for third party services		
Maintenance and repairs	480.745	328.461
Post and telecommunications	16.059	12.565
Advertising and publicity	0	0
Transport	332.628	305.380
Banking services	45.015	79.735
Delegation and secondment	15.523	18.354
Protocol	4.184	3.425
Contributors	108.096	193.392
Rents	104.430	99.418
Fees	29.179	30.187
Insurance	12.983	11.186
Other expenses for third party services	303.060	254.803

Total	1.451.902	1.336.906
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At group level, the situation is:

	30.06.2017	30.06.2018
Other expenses for third party services		
Maintenance and repairs	50.513	76.593
Post and telecommunications	16.145	12.653
Advertising and publicity	0	0
Transport	332.628	305.380
Banking services	46.024	80.390
Delegation and secondment	15.523	18.354
Protocol	4.184	3.425
Contributors	108.096	193.392
Rents	104.466	99.433
Fees	29.179	30.187
Insurance	12.983	11.186
Other expenses for third party services	310.243	257.621
Total	1.029.984	1.088.614

23. Financial income and expenses

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
Interest income	1.199	33
Income from exchange rate differences	175.574	108.081
Other incomes	43.190	3.240
Total	219.963	111.354
Interest expenses	98.966	126.870
Expenses for exchange rate differences	156.713	219.570
Other financial charges	0	10.658
Total	255.679	357.098

At group level, the situation is:

	30.06.2017	30.06.2018
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Interest income	1.306	33
Income from exchange rate differences	287.437	108.081
Other incomes	3.472	3.240
Total	292.215	111.354
Interest expenses	286.545	126.870
Expenses for exchange rate differences	271.932	219.570
Other financial charges	0	10.658
Total	558.477	357.098

24. Tax on profit

Individual situation at its parent company shows:

	30.06.2017	30.06.2018
<i>Current income tax</i>		
Current income tax expense	0	0
<i>Deferred income taxes</i>		
Deferred income tax (debit)	2.609.988	4.363.028

At group level, the situation is :

	30.06.2017	30.06.2018
<i>Current income tax</i>		
Current income tax expense	0	0
<i>Deferred income taxes</i>		
Deferred income tax (debit)	2.609.988	4.363.028

25. Earnings per share

SC Sinteza SA achieved in the first half of 2018 net loss of 809.527 RON.

In the shareholding structure does not register with right holders for distribution of dividends in other parts odds.

No shares are distributed free or preferential rights in respect the allocation of dividends.

In a reasonable period no intention of diluting shares through a preferential distribution. This leads to a draw between earnings per share basic and diluted one, as above.

In the first half of 2018 have not been proposed or declared dividends from net profit this year.

The Company has recorded in the income dividend payment amounts representing dividends approved for distribution, related to previous years.

26. Related party

Related parties are considered persons on the Board of Directors and directors (executive management) of the parent company:

On 06/30/2018 Board members are:

Vasilescu Radu, director of the Board
Pasula Claudiu Sorin, member
Turcu Cosmin, member

The executive management at 06/30/2018 is:

General Manager	Turcu Cosmin
Sales manager	Dinu Vancea
Financial Manager	Ilies Corina

27. Transactions between the parent company and subsidiary

In terms of transactions between the parent company and its subsidiary, they were of a commercial nature, resulting in rental space for this activity and sale / purchase of maintenance works and investments as follows:

Sales (excluding VAT): 270.000 RON
Purchases (excluding VAT): 298.458 RON

Revenues from sales of SC Sinteza SA in relation to affiliated company SC Chimprod SA come mainly from the monthly equivalent rent for space used inside the industrial platform, according to the lease contract between the parties.

SC Sinteza SA purchases from affiliated company SC Chimprod SA are embodied in monthly maintenance for production plants and adjacent spaces but also the investments made by Sinteza SA in collaboration with Chimprod SA.

28. Other liabilities

The parent company and the affiliated company do not register other commitments on 30.06.2018

29. Assets and Contingent Liabilities

There are no other contingent assets or liabilities at the company or group.

30. Events after the financial statements

There were no events subsequent to the date of the financial statements

31. Standards and new interpretations

Standards that have entered into force in the current period, applicable to the Company:

- Amendments to IFRS 12 "Presentation of Interests in Other Entities". The amendment clarifies that the reporting requirements presented by the Standard except for those in paragraphs B10 to B16 apply to interests that are classified as held for sale held for distribution to owners or discontinued operations in accordance with IFRS 5.

- Amendments to IAS 12 "Income Tax" on the Recognition Conditions for a deferred tax asset related to unrealized loss.

- Amendments to IAS 7 "Statement of Cash Flows". These amendments require an entity to provide disclosures that allow users of financial statements to assess changes in the liabilities arising from financial activities

Standards, amendments and interpretations that will enter into force after January 1, 2018

-IFRS 15 " Revenue from contracts with customers " (applicable for annual periods beginning on or after 1 January 2018)

-IFRS 9 "Financial Instruments" (applicable for annual periods beginning on or after 1 January 2018)

-IFRS 16 "Leasing" (applicable for annual periods beginning on or after 1 January 2019)

-IFRS 17 "Insurance Contracts" (applicable for annual periods beginning on or after 1 January 2021)

Amendments to Standards: IFRS 1, IFRS 2, IFRS 4, IFRS 7, IFRS 18, IAS 28, IAS 40, Bearer on 1 January 2018.

Interpretations IFRIC 22 "Foreign Currency Transactions and Deductions applicable from 1 January 2018

IFRIC Interpretations 23 " Uncertainty about Income Tax Treatments " applicable from 1 January 2019.

Estimating the impact of adoption of IFRS 9 and IFRS 15

The company must adopt the new standards, respectively IFRS 9 and IFRS 15, from 01.01.2018. the application of IFRS 9 as of 01.01.2018 requires the reclassification of financial assets held for sale at fair value through other comprehensive income on financial assets held for sale at fair value through profit or loss.

Applying IFRS 9 will not impact on financial statements.

The company recognizes revenue as products are delivered and delivered.

Based on this estimate, the Company does not expect the application of IFRS 15 to have a material impact on the financial statements.

32. Financial Risk Management

The Group is exposed to credit risk, liquidity risk and market risk

In order to limit the exposure is underway to establish risk management policies, so as to ensure the identification and analysis of risks, establishing appropriate limits and controls, and monitoring compliance limits set.

Policies and risk management systems will be revised regularly to adapt to changes occurring in business and market conditions.

The parent company aims to develop an orderly and constructive control environment, so that by the standards of training, roles and employees understand their obligations.

Credit risk is the risk that the group may incur a financial loss as a result of non-fulfillment of contractual obligations by a customer. The parent company has established credit policy analyze each individual client again before they offer standard payment and delivery terms.

However, specific market conditions (chemicals based on a market with specialized suppliers and customers) sometimes requires grant facilities in terms of collection.

All this characteristic of the market requires the company to not require collateral for its receivables.

However, after analyzing individual customers sometimes request payment in advance or upon delivery.

Liquidity risk is the risk that the company or the subsidiary to have difficulty in meeting obligations associated with financial or financial ones, which are settled in cash or cash equivalents.

Mother company's approach to managing liquidity is to ensure sufficient liquidity to pay obligations due under normal conditions.

In this regard, the Company shall ensure it has sufficient cash to meet operational needs.

Market risk is the risk that variation in market prices, foreign exchange rates, interest rates and prices of capital instruments affect their income or the value of securities held Company.

The objective of market risk management is to manage and control exposure within acceptable parameters.

The Parent Company is exposed to currency risk due to sales, purchases and loans in currencies other than the functional (Euro).

Exposure is presented below:

Individual situation at its parent company shows:

30.06.2018	RON	EURO (RON EQUIV)	USD (RON EQUIV)
Financial assets			
Trade receivables and other receivables	2.877.384	1.652.872	0
Cash and cash equivalents	114.118	17.371	0
Total	2.991.502	1.670.243	0
Financial liabilities			
Loans	0	5.162.219	0
Trade payables and other liabilities	3.382.469	53.144	1.665.327
Total	3.382.469	5.215.363	1.665.327

At group level, the situation is:

30.06.2018	RON	EURO (RON EQUIV)	USD (RON EQUIV)
Financial assets			
Trade receivables and other receivables	1.155.435	1.652.872	0
Cash and cash equivalents	119.672	17.371	0
Total	1.275.107	1.670.243	0
Financial liabilities			
Loans	0	5.162.219	0
Trade payables and other liabilities	3.327.307	53.144	1.665.327
Total	3.327.307	5.215.363	1.665.327

Tax risk targeting aspects in certain transactions to be perceived differently by the tax authorities compared to treatment company. This lies in the adoption of EU fiscal regulations starting 1 January 2007 in Romania, considering that the interpretation of texts and practical implementation procedures may vary. Also, the Government authorized the operation of a large number of agencies responsible for carrying out various checks on the companies operating in Romania. The work of these agencies not only covers tax issues but also issues relating to regulations and procedures. It is possible that the Company will be subject to checks as issuing new regulations.

GENERAL MANAGER

FINANCIAL MANAGER

COSMIN TURCU

CORINA ILIES

DECLARATION

In accordance with the provisions of article 30 of Law no. 82/1991

We have prepared the financial statements at 06/30/2018, the:

Company:	S.C. Sinteza S.A.
County:	05-Bihor
Adress:	Oradea, Borşului road,no.35
Trade Register number:	J/05/197/1991
Ownership :	34- Stock company
Main activity:	2014- manufacture of other organic chemicals, basic
Tax code:	RO 67329
Type of financial reporting:	According to International Financial Reporting Standards (I.F.R.S.) applicable to companies whose securities are admitted to trading on a regulated market

Chairman of the Board of Directors of the Company, RADU VASILESCU assume responsibility for preparing the half report at 06/30/2018 and confirms that to his knowledge, this was made applicable accounting standards, that provides an accurate and in line with the reality of assets, liabilities, financial position, account profit and loss and the Board Report includes an proper analysis of the development and performance of the company and a description of principal risks and uncertainties specific activity.

CHAIRMAN OF THE BOARD OF DIRECTORS
RADU VASILESCU